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Yes Youth Can! National (YYCN)

Year 1 Third Quarterly Report
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LIST OF ACRONYMS AND ABBREVIATIONS

CBF	County Bunge Forum
CD	Country Director
CFRC	County Financial Review Committee
COP	Chief of Party
DCOP	Deputy Chief of Party
FM	Fund Manager
GOK	Government of Kenya
MFI	Microfinance Institution
NYBA	National Youth Bunge Association
NGO	Non-Governmental Organization
SACCOs	Savings and Credit Cooperatives
SMEs	Small and Medium Enterprises
SYTT	Sustainable Youth Think Tank
TA	Technology Advisor
TTB	Table Top Banking
TTED	Think Tank Executive Director
TYF	Tahidi Youth Fund
YYC	Yes Youth Can!
YYCR	Yes Youth Can! Regional Implementing Partner
YYCN	Yes Youth Can! National
USAID	United States Agency for International Development

EXECUTIVE SUMMARY

The third quarter culminated in the last week of March with the inaugural meeting of the National Youth Bunge Association (NYBA) and the elections of youth leaders for the organization. The importance of the NYBA cannot be overstated as the youth now have a truly representative body to advocate their interests and execute initiatives. Further, YYCN sponsored two additional conferences during the quarter including one for all County Bunge Forum (CBF) leaders whereby US Ambassador Scott Gration delivered the keynote address.

YYCN implemented the innovative methodology of youth approving their own grant applications. The process began with CBFs appointing County Financial Review Committees (CFRCs). CFRCs are chosen by CBFs and approve Youth Bunge grant applications. CBFs and CFRCs required multiple briefings on the structure and grant approval process. By March 31st, nine CFRCs were meeting regularly approving applications. However, youth applications were negligible and approval rates low due to application filing errors. ABEO approval for environmental compliance was not completed for CFRC approved grants by March 31st.

YYCN finalized a loan deal to an MFI in the Coast region during the quarter. Do-It-Yourself Toolkits began wide distribution and value chain youth expos occurred in two counties. The structure and bidding of the technology SMS platform concluded and created a YYC mobile “app” for use by the elected NYBA, YYCRs, and YYCN.

I. PROGRAM OVERVIEW

YYC will directly reach 1 million Kenyan youth over three years in six geographic regions - Rift Valley, Nairobi slums, Central, Nyanza, Western and Coast. YYC targets groups of youth (ages 18-35) who are already self-organized, or have the ability to self-organize, and who are financially excluded from the formal and informal financial system in geographic areas prone to political violence. The central component of YYCN is the operational, financially sustainable youth led, owned, and managed investment fund – the Tahidi Youth Fund (TYF). TYF, a concrete and transparent catalyst for youth empowerment, allows youth to directly access grants for economic development initiatives and micro-capital investments for existing and new youth enterprises. TYF will result in a cadre of youth investment officers, who will develop a clear understanding of how to analyze opportunities to attract investments as TYF transitions into an independent financial entity in 2014, through a “learn by doing” approach in financial and risk management. TYF staff and beneficiaries will represent youth from the targeted geographic regions that are invested in the success of the institution and have the capacity to manage it effectively. YYC will complement this innovative funding mechanism through:

- Technical resources and community mobilization that will simultaneously enhance the skills (demand) and opportunities (supply) for young Kenyans.
- Viable and successful youth-led enterprises created and strengthened to improve economic opportunities for youth and spur job creation and confidence in financial institutions to invest in youth financial services.

- Youth leaders equipped with the information, tools, and resources to effectively engage with policy makers at the national, county, and constituency levels.

Other integral components necessary for success include a national network of Youth Bunge leaders and a Sustainable Youth Development Think Tank. The Youth Bunge leaders shall be elected by their Youth Bunges and then elected to county positions and finally to the National Bunge Association (NBA). Throughout each stage, youth shall encounter direct ways to utilize leadership skills and affect meaningful positive development in their communities and beyond. The think tank shall be governed by an NBA appointed Board of Directors. In concert with international and local researchers and universities and an international think tank, youth shall direct the focus of youth issues for policy papers and other engagement.

II. PROGRAM PROGRESS

A. Cumulative Progress Overview

Please find the attached APPENDIX I delineating YYCN's cumulative progress overview.

B. Program Interventions

YYCN Goal: 1,000,000 Kenyan Youth empowered to promote their own development and become responsible citizens for peace and prosperity.

Objective 1: "New Partnerships": Establish a youth-owned, youth-led, and youth-managed fund that can support local solutions for community economic development while it grows in value.

Summary of Objective 1 Results
<ul style="list-style-type: none"> • Tahidi Youth Fund (TYF) Board of Directors constituted and meeting every two weeks. • Model term sheet developed and approved by TYF Board. • Negotiations with microfinance institutions based on the model term sheet. Ready to sign the first deal when approved by USAID. • Delineated clearer fundraising possibilities with like-minded entities. • Two value chain youth expos occurred during the quarter.

Activity 1.1 Youth-led, run and managed fund established to support youth economic empowerment and civic engagement:

TYF registered as a non-profit-taking limited liability company. Model term sheet delineates anticipated TYF interest rates to onward lending institutions at 4% reducing. Currency of lending: Kenyan Shillings. Microfinance institutions in negotiations with TYF: Milango (deal prepared for USAID approval), KADET, KWFT, Musoni, K-Rep, and Juhudi Kilimo. YYCN must now complete an investment/loan operations manual.

Activity 1.2 Public, private and civic partnerships created to connect youth to viable value chains and maximize the return on their investments:

Value chain expos held during: 1) Eldoret's Agricultural Society of Kenya Fair: 450 youth visited the YYCN stand, 200 youth participated in business idea generation treasure hunt at the show, and 2) the Coast Region Business Trade Fair: only 34 youth attended with five youth exhibiting their business ideas at the trade fair. Once the SMS platform is completed, SMS blasts would have garnished more youth attendance. YYCN should have utilized OTI's SMS blast system for the Coast event as an interim measure. Further, 480 youth attended "Opportunities Seminars" linking youth with suppliers and buyers of youth products at the NYBA meeting and 200 NYBA youth were linked with the Kenyan Institute of Management for its national business plan competition. Also during the quarter, solidified corporate partnerships beyond the financial services sector into technology as follows: Microsoft donated \$12,000 in cash and over \$300,000 in software, Nokia provided discounted phones to NYBA Board youth and free projectors for youth training, ThoughtWorks provided its SMS platform bid (discussed below) at a substantial discount as part of its corporate social responsibility initiative, and a major investment event planned with iHub and m:lab.

Activity 1.3 Sustainability of the Fund secured through injection of \$22 million from investors, partners, and donors:

YYCN negotiating matching fund requirements with microfinance institutions to onward lend to NYBA youth. Next, USAID's DAI FIRM project working with the Youth Enterprise Development Fund (YEDF) on a youth credit guaranty scheme. Such a scheme is already within the purview of YYCN for larger microfinance institutions who do not require direct funding. Since YYCN is not desirous to comingle funds or guaranties with YEDF, discussions to provide co-guaranties to financial institutions to lend to Youth Bunges. Problem: DAI will not be prepared with YEDF's scheme until June. Such an arrangement appears to be the only viable way to work with YEDF in a sustainable transparent way. Additionally, the top microfinance institutions in the country are weary of Women's Enterprise Fund (WEF) funding and do not desire to partner with YYCN if funds are comingled with WEF. YYCN also negotiated a deal with Kiva Microfunds on funding into Youth Bunges. The deal, however, is substantially less than earlier commitments by Kiva Microfunds. The Kiva executive in charge of lending and partnerships quit abruptly. Following the turmoil, the new executive feared post-election violence and decided dramatically curtail Kiva's exposure in Kenya and decided not to honor an arrangement with YYCN or other partnerships Kiva had planned in Kenya. Inasmuch, Kiva will increase the credit lines on several of its existing partners so as to lend to Youth Bunges. Following Kenyan elections, Kiva Microfunds is willing to negotiate a relationship based on earlier intentions. Finally, fundraising partnership for TYF/KADET with World Vision continues in discussions only. Internal World Vision debate over its headquarters percentage overhead charged to any fundraising. Currently, World Vision internationally plans for 60% to go to its headquarters and 40% to Youth Bunge loans while World Vision in Kenya desirous of a higher percentage for the field and to alter the fundraising methodology.

Objective 2: “New Enterprises”: Invest in economically viable youth enterprises with new finance products and methodologies, as well as development of new skills to facilitate livelihood development and employment.

Summary of Objective 2 Results

- Set-up and trained 9 County Financial Review Committees.
- Internal grant operations manual draft completed.
- Do-It-Yourself Entrepreneurship Toolkit distributed in two counties. Feedback sessions nationwide. Revisions based on youth feedback underway.
- Extensive service provider directory of suppliers and buyers for youth products and inputs for Nairobi and Nyanza completed.

Activity 2.1 850,000 young people’s community engagement and status increased through implementation of community economic development projects with grants from the Fund:

Hired and trained business officers (essentially grants officers) and regional managers during the quarters. Per the USAID/YYPN developed revised grant-making methodology that empowers youth in the grant approval process as well as the application, assisted nine County Bunge Forums to set-up County Financial Review Committees (CFRCs). CFRCs are chosen by CBFs to approve Youth Bunge grant applications. CBFs were initially not onboard with the CFRC concept and required multiple briefings by YYCN leaders. The CFRCs are now trained and have begun meeting regularly. Main issue thus far: number of youth applications (some counties cancel CFRCs because no applications received) and vast majority of applications do not meet minimum compliance standards. Only fifty applications received and five approved. This critical activity is now behind schedule. A rapid scale-up plan shall be implemented during the next quarter that generates demand, enhances quality of applications, and increases the speed at which the youth on the CFRCs review applications. Internal grants operations manual draft completed with a remaining section still in process: environmental compliance. The internal manual shall compliment the external facing grant manual for Youth Bunges. Worked with USAID ABEO during quarter to streamline process for environmental approval.

Activity 2.2 Young people’s ability to contribute economically to their communities increased through stronger life, employment, and entrepreneurship attained through technical assistance:

Do-It-Yourself Entrepreneurship Toolkit rolled-out in two counties during the quarter with 80 youth communicators inducted. Toolkit reached 12,000 youth in 408 Youth Bunges by March 31, 2012. TechnoServe’s YYCN team now totals five professionals. Service Provider Directories delineating buyers and sellers of youth products now completed for both Nairobi (last quarter) and Nyanza (this quarter). Now rolling the directories out to youth.

Activity 2.3 348,600 youth livelihoods enhanced through investments from the Fund:

YYCN approaching youth livelihoods investments exclusively through financial sector intermediation. First deal ready to commence with a microfinance institution, Milango, upon USAID approval. Once deal frameworks are approved by USAID, rapid deployment of all investment funds possible in the next two quarters. YYCN shall explore the creation of youth

SACCOs that may financially intermediate YYCN funds upon the repayment of the first round of microfinance institution term loans. Therefore, by the end of the project, it is conceivable that the full \$5.5 million went out in a first round to microfinance institutions in Youth Bunges and then subsequent rounds went out to more and more youth SACCOs as they are formed and operationalized so that only youth SACCOs financial intermediate YYCN funds in latter quarters of the project. Such activities would require a realignment of the budget to incorporate creation of youth SACCOs alongside the Ministry of Cooperatives.

Activity 2.4 5 youth financial products developed to improve the viability of youth enterprises:

Youth product modifications as a result of YYCN negotiations include elimination of fees for YYC/NYBA youth, grace period for youth repayments, elimination of existing functioning business requirement, reduction of collateral requirement, and ensure rapid rollout of youth products.

Objective 3: “New Networks”: Network and link youth groups, and youth-serving organizations and strengthen their linkages with all relevant development actors so that their activities are both economically and politically self-sustainable, and promote ethnic tolerance.

Summary of Objective 3 Results
<ul style="list-style-type: none"> • Planning conference for County Bunge Forum (CBF) presidents. • National Youth Bunge Association inaugural elections and meeting. • Organized a 647 member conference for all elected youth leaders of CBFs. • US Ambassador Scott Gration spoke as the keynote speaker at the CBF conference. • International tender completed for SMS platform and mobile aggregator. • Partnership with Microsoft on grants tracking software.

Activity 3.1 National Bunge Association established to involve youth in Kenyan development and reform issues:

Held planning conference deemed the National Bunge Association (name at the time) Strategic Taskforce Meeting with 22 County Bunge Forum (CBF) presidents from 22 counties. Held conference for the 50 elected National Youth Bunge Association Board whereby executives, trustees, and councils were elected, constitution reviewed and voted on, and strategic planning took place. Organized 647 member conference for all elected youth leaders of County Bunge Forums. Youth leaders showcased their counties in a county fair, did county planning, learned YYC structures, and gave feedback on strategy. Leadership Program Manager brought onboard to support the NYBA.

Activity 3.2 Inter-ethnic and inter-regional coalitions built through information exchanges and collaborative projects:

Fostering inter-regional dialogue (value chain expos) and encouraging joint cross-ethnic border. The three YYCN organized conferences during the quarter brought youth in from around the country, whereby inter-regional and inter-ethnic dialogue were key components. The youth also are already planning activities between regions. YYCN and YYCRs encouraging such exchanges and shall provide support on a case by case basis. Large intercultural exchanges planned for the

first grant quarter in year two.

Activity 3.3 New technology innovations connect 1,000,000 Kenyan youth from different ethnic groups, regions, and socio-economic classes:

Completed the international tendering process for the SMS platform and the mobile aggregator. ThoughtWorks won the bid and began development of the platform and mobile aggregator relationship. Rollout expected in fourth grant quarter. Hired full technology team of four high-end professionals. Finalized deal with Microsoft to provide its Grants360 grants monitoring software free of charge, saving YYCN ~\$300,000. Mobile phone “app” developed and provided to NYBA for Youth Bunge data and tracking.

Objective 4: “New Enabling Environment”: Support broader based youth policy development to create a more enabling environment for youth enterprises, youth employment, and youth civic engagement.

Summary of Objective 4 Results
<ul style="list-style-type: none">• Think Tank Executive Director commenced work 50% of her time.• Memorandum of Understanding finalized between host university and YYCN.• Public forum for policy advocacy through the NYBA/CBF conference and My ID My Life campaign.

Activity 4.1 Sustainable Youth Think Tank established to conduct and disseminate youth policy research:

The YYCN recruited Think Tank Executive Director began her 50% time allocation on the Think Tank. The Memorandum of Understanding between host university, United States International University (USIU) and YYCN, negotiated and finalized. Ready for signing pending USAID approval.

Activity 4.2 Youth have increased knowledge and understanding of key policy issues that affect their lives:

Held public forum mixing national legislators and influential opinion makers through the NYBA and CBF conference during the quarter: National Cohesion and Integration Commission, Law Society of Kenya, and Independent Electoral and Boundaries Commission. Youth appointed advisory council for the Think Tank.

Activity 4.3 National policies are influenced by youth-led advocacy campaigns and engagement:

USAID team influenced the NRB to act on youth IDs. YYCN supported My ID My Life national advocacy campaign through newspaper advertisements and conference sessions.

III. Constraints and Challenges

- YYCN rectified delays in hiring during the quarter. However, several gaps remain at the senior level and Mercy Corps headquarters stepped in to provide solid interim support.

- Grants to Youth Bungees did not start during the quarter. While the new USAID/YYPN methodology empowers youth directly in the approval process, uptake was slower than expected in terms of Youth Bunge applications, youth approval of applications, and environmental approval of grants. Rapid plan detailed for the fourth quarter.

IV. Lessons Learned

- YYPN leaders and staff continually aware of the critical dynamic of the program: youth led. YYPN constantly aware to change the standard development mindset away from token citizen involvement into real citizen (here: youth) ownership.
- Possibility to mix microfinance lending and youth SACCO lending.
- Mercy Corps Kenya Knowledge Manager onboard.

V. Planned activities for next period of three months, April - June 2012

Please find the attached APPENDIX II Rapid Scale-up Plan for the 90 day period mid-April through the quarter and into the beginning of July 2012.

VI. List of sub-grants

1. Technoserve (service provider directory, scale-up mentoring and linkages, training and select toolkits).
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